



Grant Management Issues and Information for Grantees

Congratulations on the award of project grant funds from the Tobacco Commission. Please review these requirements and suggestions as you prepare to use the funds.

Relevant Guidelines and Documents – The documents that collectively address grant management issues include:

- the Commission's Strategic Plan, including General Funding Policies
- the guidelines for the grant program (e.g. Economic Development grant program, Education etc.);
- your specific grant application;
- the signed Letter of Agreement, Grantee Authorization Form and W-9 (enclosed);
- the Commission's Grant Disbursement Guidelines (enclosed) and;
- the Grant Guidelines for Advance of Funds (enclosed).

Getting Started – As a condition of the award, the Commission requires its participation in all press conferences or announcements of this grant. Please contact Michelle Brady in our Richmond office to coordinate any press announcement (michelle.brady@tic.virginia.gov or toll free 877-807-1086).

After the Commission has approved your grant award, staff provides you with an “award packet” that includes a grant agreement, a form to designate the individual(s) authorized to request the grant funds, a W-9, our policies for grant reimbursements and advance of funds, and other relevant information. Before any grant funds can be released, the grantee organization must complete the following documents and return them to the Commission's Richmond office:

- ❑ The Letter of Agreement, which lists general terms and conditions for the grant;
- ❑ The Grantee Authorization Form, which designates the individual(s) authorized to request release of grant funds. Should the grantee authorization designations change during the year, you must submit a revised grantee authorization form;
- ❑ The federal W-9 form (Request for Taxpayer Identification and Certification).
- ❑ If your award was less than the requested amount, you must attach a revised budget page and budget narrative that reflects the amount of your award and any specific project activities for which Commission funds are awarded. Staff will review the revised budget to ensure that it is consistent with the approval granted by the Commission before any grant funds are released.

The Letter of Agreement, Grantee Authorization Form and W-9 must be signed by the Chief Executive from the organization that was awarded the grant.

“Restricted” grant funds versus “Unrestricted” grant funds – It is critically important to be aware of the type of funds granted to your project. The Commission awards two types of funds that are derived from the securitization process that created our endowment: 1) the so-called “**restricted**” funds, derived from the sale of *tax-exempt* bonds; and 2) “**unrestricted**” funds derived from *taxable* bonds sold by the Commonwealth.

Restricted funds may **ONLY** be used by an eligible organization (one that is determined by bond counsel to be unrelated to the Commonwealth of Virginia) for capital project expenses (costs that are required to put into service a depreciable capital asset). If your grant is from restricted funds it will be noted in the award packet and all correspondence (you will note that restricted funds require a more detailed grant agreement than do unrestricted grants). Only qualifying capital project expenses may be submitted for reimbursement. Contact your grant administrator if you have questions about qualifying expenses.

Unrestricted funds may be used for capital purposes *and/or* other non-capital project expenses that are approved as part of your grant proposal (such as operating expenses).

In some cases a project may receive both restricted and unrestricted funds. In these cases the funds will be treated as two separate grants, with distinct grant numbers and agreements. It is critically important for the integrity of the Commission’s bonds that project expenses be submitted under the proper grant.

Reimbursements - As the attached Grant Disbursement Guidelines describe, funds will be provided to the grantee on a reimbursement basis, using the enclosed grant payment request form (or “voucher”). Grant funds are provided as reimbursements for eligible project costs, as evidenced by invoices and other records that are submitted as attachments to the payment request form. Each reimbursement request must include copies of invoices or receipts that clearly indicate the reimbursement is for eligible activities as described in your application (see bullet list below). The payment request form is also available on our web site (www.tic.virginia.gov). Information may be inserted into fields in this electronic version, but the forms must be signed by an authorized person and submitted to your regional grant administrator for processing. Please be sure to include the grant number on the payment request form (this number can be found in the top, right-hand box of the letter of agreement).

Requests for release of grant funds should be submitted to the grant administrator for your region, and should only be submitted on a quarterly basis. In extenuating circumstances, such as periods of intense construction activity, reimbursement may be requested monthly.

Requests should include an attached spreadsheet showing the budget for the approved award (using the budget line items that were included in the application or the revised approved budget), the amount previously drawn from each budget line in past reimbursement requests, and the amount of funds that are currently being requested from each budget line (see attached example).

The administrator will review each request for reimbursement and attached documentation to verify that the request meets all of the following conditions:

- was signed and submitted by a person authorized to submit it on behalf of the grantee organization;
- is for an eligible activity as described in the grant application;
- meets any conditions attached to the award, such as matching funds or specific use of Commissions funds;
- the project activities have been completed in an eligible timeframe (e.g. since the date of approval of the grant award), and;
- is within the budget line items submitted in the application and approved by the Commission.

The grant administrator will request additional evidence if needed, and will forward the request for reimbursement to the Richmond office for final review and payment processing. Payment should be received within 30 days of when all the required documentation has been provided to the grant administrator by the grantee. If there are extenuating circumstances or time constraints that require immediate processing of a reimbursement, please let us know and we will make every effort to accommodate those needs.

Electronic funds transfer is available and is encouraged. Funds are typically transferred more quickly than by a written check, and e-mail notice is provided shortly before a transfer occurs. For information on how to enroll in the state's Electronic Data Interchange program (EDI) visit www.doa.virginia.gov and click on the Electronic Data Interchange link in the right margin. If you are enrolled in the EDI system, include your EDI suffix on the grantee organization's federal tax ID number when requesting payment, and note on the form that you are requesting EDI transfer.

Advance of Funds – The Commission has approved a policy (attached) stating that up to 25% of a grant award may be available as an advance, if certain conditions are satisfied. The grantee organization must provide written evidence that it does not have sufficient funds on hand to begin the project, along with information on the timing and use of funds that are needed to begin the project. Contact your grant administrator for information on advances.

Procurement and Bidding – Commission funds do not require the use of state or federal procurement processes for purchase of property, services, equipment, materials, construction etc.. The grantee organization's own policy for procurement dictates the procurement process. However, competitive bidding, public notice, negotiation and other principles of open competition are strongly encouraged.

Participation by Small, Women- and Minority-owned Businesses – While the Commission does not require participation of small, women-owned and minority-owned businesses in its grant-funded projects, grantees are strongly encouraged to visit www.dmbc.virginia.gov to search for certified vendors located in Virginia and the tobacco region, to include them in your procurement process, and to give them preferred status on otherwise equal bids.

Operating Funds – Operating funds are provided only from unrestricted grant funds for the start-up phase of a project, and only for activities approved by the Commission. Funds should be used only for project costs that are critical to the successful implementation of a project. In no circumstances will funds be provided for alcohol, personal expenses unrelated to a project, and any other activities or costs deemed to be unacceptable by the Executive Director. Examples of costs that have been rejected are food and beverage for meetings, memberships in civic organizations, and “giveaway” promotional/marketing items such as shirts and caps. The Commission’s Funding Policies also preclude use of grant funds for payment of indirect charges or project administration/management fees. If there is any question about whether an expense is eligible for reimbursement, please contact your grant administrator before incurring the cost or requesting the release of grant funds.

Changes in Scope of Project – Funds are provided for the specific use(s) proposed in a grant application and approved by the Commission. Changes in the scope of a project - and the use of Commission funds – must be approved by the Executive Director, who may also deem that the change requires Commission approval. If you anticipate that a change is needed, contact your grant administrator before spending funds on any use or activity that is different from what was approved. You must propose any change(s) in writing, and staff will respond to the proposed change(s) before considering a request for reimbursement for new uses.

Project Extensions – Unless otherwise stated in the application and agreed to by the Commission, grant funds are available for three (3) years following the date the Commission approves the award. Requests to extend the project completion date must be submitted in writing to the Executive Director and should include the reasons for delay and a revised timetable for project completion. A written approval for extension may be issued if the request is deemed reasonable and necessary.

Grant Reports – A grant report must be submitted annually, and at the conclusion of the project, on the Commission’s Grant Reporting Form (enclosed). The final 10% of grant funds may be withheld until receipt of the final report, so it is suggested that a final report be submitted along with the final request for release of grant funds. Additional reports may be required by the Commission during and after the project period.

Thank you for reviewing this information. We hope it will improve your understanding of the Commission’s processes, and make the management of your grant more effective and successful.

Always keep in mind that these are public funds provided by the Commonwealth of Virginia, and the utmost care and integrity must be exercised in their use. □

Sample Drawdown Spreadsheet:

Tobacco County, VA - Regional Industrial Park Project (FY07 Economic Development)

BUDGET LINE ITEM	APPROVED AWARD BUDGET	DRAWDOWN # 1	CURRENT REQUEST	AWARD BALANCE
Personal Services (Salaries, Wages, Benefits)	\$-	\$-	\$-	\$-
Contractual Services (A&E, legal, telecom, printing, media, training)	\$780,000.00	\$58,000.00	\$15,000.00	\$707,000.00
Supplies & Materials	\$8,000.00	\$3,000.00	\$3,000.00	\$2,000.00
Transfer Payments (grants, incentives)	\$-	\$-	\$-	\$-
Continuous Charges (insurance, lease, payments, utilities)	\$-	\$-	\$-	\$-
Property & Improvements (acquisition, site development)	\$1,250,000.00	\$375,000.00	\$20,000.00	\$855,000.00
Equipment (computers, phones, furniture, fixtures, manufacturing, equipment)	\$-	\$-	\$-	\$-
Plant & Improvements (building acquisition, construction or renovation)	\$-	\$-	\$-	\$-
Bond or Loan Obligations	\$-	\$-	\$-	\$-
TOTAL	\$2,038,000.00	\$436,000.00	\$38,000.00	\$1,564,000.00